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FOR IMMEDIATE RELEASE
September 2, 2004

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2005 state budget agreements focus on job growth and economic stimulation while protecting core education funding

LANSING – Michigan will be in a better position to create jobs in the new economy because of the 2005 state budget agreements reached today in Lansing, said Sen. Jason Allen, R- Traverse City.

“We need to address our budget problems with job creation and long-term budget stability,” Allen said. “This is a sound budget agreement focused on improving Michigan’s future economy.”

The Senate Republicans pushed hard for passage of their JOBS Action Plan as a way to improve Michigan’s economic future. The most recently signed five GOP proposals offer tax incentives to small and mid-sized businesses that invest in job creation. They are the latest in a series of 54 bills signed in less than a year that are designed at spurring economic growth.

Allen said Republicans also secured additional funding for Michigan’s fledgling life sciences industry, doubling it from \$15 million to \$30 million in 2005.

“Across this country and around the world the economy is becoming high-tech,” Allen said. “We are dedicated to keeping Michigan competitive and the best way to do that is to provide funding for job creation and the advancement of life sciences.”

The budget agreement announced today culminates nearly six months of negotiations between the administration and the Legislature and closes a projected \$1.045 billion deficit. The agreement sets state general fund spending at \$8.7 billion in 2005. Eliminating the deficit is achieved through \$450 million in new revenue from increased cigarette and casino taxes, and nearly \$595 million in spending cuts and budget accounting adjustments.

The agreement also keeps the state’s foundation aid payment to public schools at its current level of \$6,700 per pupil while ensuring growing school districts receive sufficient funding to meet increased demand.

“I’m extremely pleased we were able to protect public school funding,” Allen said. “Nothing is more important to Michigan’s future than our children’s success.”

Legislators will put the final touches on the 2005 budget when they return to session on Sept. 8 and will finish before the next fiscal year starts on Oct. 1, 2004.

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